

# THE TORONTO STOCK EXCHANGE

## LISTING STATEMENT

### DELNITE MINES, LIMITED

(No PERSONAL LIABILITY)

(Incorporated under the Ontario Companies Act October 23rd, 1934)

1. Address of the Company's Head Office and of any other offices:

Address of Head Office: Timmins, Ontario.

Address of Buffalo Office: 319 Erie County Bank Building, Buffalo, N.Y.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President:	Edward Louis Koons	602-4 Ellicott Square, Buffalo, New York	Company Executive
Vice-President:	William Lake Marcy	302 Erie County Bank Building, Buffalo, New York	Attorney-at-Law
Managing-Director:	Welles Van Ness Moot	319 Erie County Bank Building, Buffalo, New York	Company Executive (Attorney-at-Law)
Treasurer:	Clark Leonard Ingham	319 Erie County Bank Building, Buffalo, New York	Company Executive
Secretary:	William Smith Walton	603 Royal Bank Building, Toronto, Ontario	Barrister-at Law
Manager:	John Beattie	Timmins, Ontario	Mine Manager

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Edward Louis Koons	602-4 Ellicott Square, Buffalo, New York	Company Executive
William Lake Marcy	302 Erie County Bank Building, Buffalo, New York	Attorney-at-Law
Welles Van Ness Moot	319 Erie County Bank Building, Buffalo, New York	Company Executive (Attorney-at-Law)
Clark Leonard Ingham	319 Erie County Bank Building, Buffalo, New York	Company Executive
Harry Yates	2400 Rand Building, Buffalo, New York	Esquire
James Edward Day, K.C.	1001 Federal Building, Toronto, Ontario	Barrister-at-Law
James Savage	1053 Ellicott Square, Buffalo, New York	Contractor

4. Amount of authorized capital: \$3,000,000.00.

5. Number of shares and par value: 3,000,000 shares of the par value of \$1.00 each.

6. Full details of all shares issued in payment for properties or for any other assets other than cash:

DATE	NUMBER OF SHARES	CONSIDERATION
February 26th, 1933	50,000	Mining claim H.R.944 Deloro Township, Ontario.
February 26th, 1935— 49,448 shares	889,448	Mining claims H.R.1001 and H.R.1002 Deloro Township, Ontario.
November 4th, 1935— 40,000 shares		
October 19th, 1938—800,000 shares		
October 14th, 1936	70,000	Mining claims P.7969 and P.7970 Deloro Township, Ontario.
July 12th, 1938	62,500	Mining claims T.R.S.823 and T.R.S.826 Deloro Township, Ontario.
January 8th, 1940	35,000	Part consideration for mining claim H.R.941 Deloro Township, Ontario.
December 15th, 1939	580,000	Issued on conversion of \$406,000.00 principal amount of six per cent convertible debentures of the company payable as to principal and interest in United States funds at the holders' option.
Total	1,689,448	

7. Number of shares sold for cash: 1,289,319.

8. Number of shares issued: 2,978,767.

9. Number of shares remaining in treasury or otherwise unissued: 21,233.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.



10. Full details of all shares sold for cash.	<table><tr><th>Date of issue</th><th>Number of Shares</th><th>Price per Share</th><th>Amount realized by Company</th></tr><tr><td>February 26, 1935</td><td>7</td><td>\$1.00</td><td>\$ 7.00</td></tr><tr><td>February 26, 1935</td><td>16,677</td><td>.28½</td><td>4,752.945</td></tr><tr><td>February 26, 1935</td><td>10</td><td>1.00</td><td>10.00</td></tr><tr><td>November 4, 1935</td><td>152,539</td><td>.28½</td><td>43,473.615</td></tr><tr><td>February 7, 1936</td><td>169,286</td><td>.28½</td><td>48,246.510</td></tr><tr><td>October 14, 1936</td><td>511,778</td><td>.28½</td><td>145,856.73</td></tr><tr><td>April 26, 1937</td><td>439,022</td><td>.28½</td><td>125,121.27</td></tr><tr><td>Total</td><td>1,289,319</td><td></td><td>\$367,468.07</td></tr></table>	Date of issue	Number of Shares	Price per Share	Amount realized by Company	February 26, 1935	7	\$1.00	\$ 7.00	February 26, 1935	16,677	.28½	4,752.945	February 26, 1935	10	1.00	10.00	November 4, 1935	152,539	.28½	43,473.615	February 7, 1936	169,286	.28½	48,246.510	October 14, 1936	511,778	.28½	145,856.73	April 26, 1937	439,022	.28½	125,121.27	Total	1,289,319		\$367,468.07
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11. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	Nil.																																				
12. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	Nil.																																				
13. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.	Nil.																																				
14. Date of last annual meeting.	June 19th, 1939.																																				
15. Date of last report to shareholders.	Annual report for year ending March 31st, 1939, mailed to shareholders May 31st, 1939.																																				
16. Details of any registration with, or approval or authority for sale granted by, a Securities Commission or corresponding Government body.	Nil—None required.																																				
17. Has any application for registration with, or approval or authority for sale by, a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.	Nil.																																				
18. Particulars of any bonds, notes, mortgages, charges, liens, or hypothecations outstanding.	Nil. 6% debentures due May 15, 1942, were redeemed during 1939.																																				

19. Names and addresses of all transfer agents.	Chartered Trust and Executor Company, 34 King Street West, Toronto, Ontario.
20. Particulars of any fee charged upon transfers other than customary government taxes.	A fee of 25c is charged for each share certificate issued by the company on the transfer of shares.
21. Names and addresses of all registrars.	Chartered Trust and Executor Company, 34 King Street West, Toronto, Ontario.
22. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	No.
23. Enumerate fully:	
(a) Properties owned where titles vested in Company.	The company owns patented mining claims T.R.S.823, T.R.S.826, H.R.941, H.R.944, H.R.1001, H.R.1002, P.7969 and P.7970 Deloro Township, District of Cochrane, Ontario, in fee, free of encumbrance, subject to certain transmission line rights-of-way and reservations of railway rights-of-way.
(b) Properties leased.	Nil.
(c) Properties otherwise held.	The company has a water pump house site of 0.59 acres on part of mining claims P.9855 and P.13935 in said Township of Deloro covered by License of Occupation No. 4231 and a water pipeline right-of-way under Order of the Mining Court of Ontario across sundry mining claims.
Give particulars of title held by the Company in each instance, (e. g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	
24. Full particulars of any royalties or other charges payable upon production from each individual property.	Nil.
25. Describe plant and equipment on property.	Complete mining and flotation cyanide milling plant. Capacity 320 tons per day, together with the usual shops, offices and a number of residences.



<p>26. Describe development accomplished and planned.</p>	<p>Main 3-compartment shaft completed to 1,500 ft. with development of ore bodies to 1,000 ft. adjacent thereto on two claims. Extension of this development work and development of lower levels planned for the future.</p>
<p>27. Date and author of mining engineer's or petroleum geologist's report filed with this application and available for inspection on request.</p>	<p>Reports by John Beattie, Mining Engineer, dated April 27th, 1939, and February 24th, 1940. (See pages 6 and 8).</p>
<p>28. Full particulars of production.</p>	<p>From commencement of milling June 1, 1937 to December 31, 1939—235,961 tons milled—value \$1,716,353.01.</p>
<p>29. Have any dividends been paid? If so, give dates and amounts.</p>	<p>Dividend No. 1 (interim) of 3c per share or a total of \$89,363.01 was declared by the directors January 30th, 1940, payable in Canadian funds April 30th, 1940, to shareholders of record April 2nd, 1940.</p>
<p>30. Name and address of the solicitor or attorney whose certificate as to titles and to the fact that there are no encumbrances or tax arrears has been filed with the Exchange.</p>	<p>Holden, Murdoch, Walton, Finlay &amp; Robinson, 603 Royal Bank Building, 2-8 King Street East, Toronto, Ontario.</p>
<p>31. Name and address of the solicitor or attorney whose certificate as to the legality of the incorporation and organization of the company, the validity of its shares and the fact that they are fully paid and non-assessable has been filed with the Exchange.</p>	<p>Holden, Murdoch, Walton, Finlay &amp; Robinson, 603 Royal Bank Building, 2-8 King Street East, Toronto, Ontario.</p>
<p>32. Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.</p>	<p>No.</p>
<p>33. Are any shares of the Company listed on any other stock exchange? If so, give particulars.</p>	<p>No.</p>



# Balance Sheet as at 31st March, 1939

## ASSETS

Cash on hand and on deposit .....	\$ 127,045.40	
Bullion on hand and in transit including mint settlements outstanding .....	37,092.46	
Accounts receivable .....	7,426.03	\$ 171,563.89
Stores and materials, book value .....		41,166.11
Buildings, plant and equipment .....	\$ 470,117.67	
Less: Reserve for depreciation .....	121,859.19	348,258.48
Mining properties .....	\$ 950,503.34	
Development and maintenance charges .....	\$ 504,214.30	
Less: Amount written off .....	74,719.00	429,495.30
		1,379,998.64
Incorporation expense .....		1,000.00
Debenture discount and expense .....	\$ 84,904.33	
Less: Amount written off .....	28,932.86	55,971.47
Prepaid expenses and sundry assets (including bonds, par value \$8,000.00, deposited as security under power contract) .....		13,863.57
NOTE: This company's mining profits are exempt from Income Tax under the provisions of Dominion of Canada Income War Tax Act until 30th November, 1940, by virtue of Section 89.		

\$2,011,822.16

## LIABILITIES

Accounts payable .....	\$ 27,323.02	
Reserve for taxes .....	10,850.00	
Payroll payable .....	10,880.32	
Accrued charges .....	31,757.35	\$ 80,810.69
6% Debentures, due 15th May, 1942 .....		406,000.00

### CAPITAL:

AUTHORIZED:  
3,000,000 shares of \$1.00 par value each \$3,000,000.00

ISSUED:  
2,363,767 shares ..... \$2,363,767.00  
Less: Discount on shares ..... 957,206.25

Profit and loss account, balance at credit .....	118,450.72	1,525,011.47
		<u>\$2,011,822.16</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of Delnite Mines, Limited, (No Personal Liability), for the year ending 31st March, 1939, and we certify that all our requirements as Auditors have been complied with.

In our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st March, 1939, according to the best of our information and the explanations given to us, and as shown by its books.

Toronto, Canada,  
3rd May, 1939.

J. P. LANGLEY & CO.,  
Chartered Accountants,  
Auditors.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 1939

INCOME:		
Bullion production .....		\$ 716,520.84
EXPENSES:		
Bullion marketing and mint refining expenses .....	\$ 1,651.50	
Royal mint handling charges .....	7,113.55	
OPERATING:		
Development, mining, milling, maintenance and general expense, after deducting sundry revenue .....	402,708.86	
	\$ 411,473.91	
Administrative expenses (partly mine) .....	14,331.46	\$ 425,805.37
Interest charges and debenture discount and expense written off .....	46,500.24	472,305.61
Profit for year, before providing for depreciation, taxes, and exhaustion of mine .....		\$ 244,215.23
PROVISION FOR DEPRECIATION:		
Buildings, plant and equipment, at rate of 10% per annum .....	\$ 47,011.77	
Reserve for Ontario Mining and Corporation Taxes .....	8,900.00	55,911.77
Profit for year, before providing for exhaustion of mine .....		<u>\$ 188,303.46</u>

## PROFIT AND LOSS SUMMARY

Balance at debit, 1st April, 1938 .....	\$ 23,978.24
Profit for year, as per profit and loss account .....	188,303.46
	<u>\$ 164,325.22</u>
Less: Development charges written off on basis of 50 cents per ton of ore milled .....	45,874.50
Balance at credit, 31st March, 1939 .....	<u>\$ 118,450.72</u>



# Manager's Report Dated April 27, 1939

The President and Directors,  
Delnite Mines, Limited.

Gentlemen:

The following report covering operations for the fiscal year ended March 31st, 1939, is submitted.

## PRODUCTION

Ore treated .....	91,749 Tons
Gross value .....	\$785,063.52
Bullion recovered:	
Gold — 20,324.390 oz. at \$35.21 .....	715,751.07
Silver — 1,845.53 oz. at .417 .....	769.77
Total value .....	\$716,520.84
Value per ton 0.243 oz. (\$35.21) .....	8.56
Recovery per ton 0.222 oz. gold—Total value .....	7.81
Extraction per cent .....	91.20

### Production Since Milling Commenced in 1937

Fiscal Year Ending	Tons	Value	Gross	Recovery	Total	Average Price
March 31st	Milled	Per Ton	Value	Per Ton	Value	Per Ounce
*1938	57,689	\$7.01	\$404,484.39	\$6.41	\$369,678.75	\$35.17
1939	91,749	8.56	785,063.52	7.81	716,520.84	35.21

\*For ten months commencing June 1st, 1937.

### Summary of Ore and Waste Hoisted

	Ore	Waste
Development .....	20,002	3,144
Stopes .....	65,657	442
Surface ore dump .....	6,213	—
	91,872	3,586

## BROKEN ORE RESERVES

Broken ore reserves are estimated at 37,005 tons at a grade of 0.177 oz. or 3.54 dwts. per ton. All the ore is cleaned up from the surface ore dump.

## DEVELOPMENT AND EXPLORATION

	For Year Ending		Total
	March 31,	March 31,	To Date
	1939	1938	
Drifts, feet .....	5,270.5	3,200.0	14,172.0
Crosscuts, feet .....	435.5	1,879.5	5,993.5
Sub-level drifts, feet .....	109.5	41.0	240.5
Raises, feet .....	731.5	71.0	2,311.5
Shaft sinking, feet .....	—	370.5	1,423.5
Stations, feet .....	—	55.0	299.0
Ore passes, feet .....	91.0	52.5	143.5
	6,638.0	5,669.5	24,583.5
Sumps, cu. ft. ....	—	1,220.0	1,220.0
Diamond drilling, feet .....	8,299.0	—	30,561.0

## COSTS

### Operating Costs

	Total Costs	Cost per Ton		Cost per Fine
		Milled		Oz. Gold Prod.
		1939	1938	1939
Development and exploration .....	\$ 95,278.49	\$1.038	\$1.167	\$ 4.688
Mining .....	177,972.30	1.940	2.039	8.756
Milling .....	95,669.67	1.043	1.170	4.707
General mine charges after deducting sundry revenue .....	33,788.40	.368	.469	1.662
Administrative expense (partly mine) .....	14,331.46	.156	.157	.705
Bullion marketing expense, including mint handling and refining charges .....	8,765.05	.096	.086	.432
	<u>\$ 425,805.37</u>	<u>\$4.641</u>	<u>\$5.088</u>	<u>\$20.950</u>

### Other Costs

Interest on notes and debentures including debenture discount and expense written off .....	\$ 46,500.24	\$ .507	\$ .622	\$ 2.288
Provision for depreciation .....	47,011.77	.512	.585	2.313
Preliminary development (written off) .....	45,874.50	.500	.500	2.257
Reserve for Ontario Mining and Corporation Tax .....	8,900.00	.097	.036	.438
	<u>\$ 148,286.51</u>	<u>\$1.616</u>	<u>\$1.743</u>	<u>\$ 7.296</u>
Total costs .....	<u>\$ 574,091.88</u>	<u>\$6.257</u>	<u>\$6.831</u>	<u>\$28.246</u>

## ADDITIONS TO PLANT BUILDINGS AND EQUIPMENT

Three houses were built for members of the staff.

One set of crushing rolls together with a vibrating screen and the necessary conveying equipment was installed.

All necessary machine shop equipment was purchased and installed temporarily in the hoist and compressor building.

A new tailings disposal line was installed and placed in service.

The necessary equipment for an experimental laboratory was installed in the mill.

The 300 kv-a outside transformers were replaced with 500 kv-a transformers.

### SUMMARY

Development throughout the year has been very encouraging with 64.2% of all drifting, for a total of 3,384 feet, being in ore at a grade of 3.94 dwts. or 0.197 ounces over 5.9 feet. Diamond drilling has indicated the possibility of other lenses of ore in the main ore zone.

To permit deeper development, a new and larger hoist has been ordered and will be placed in service at the No. 2 shaft in July.

The mill tonnage has been gradually increased throughout the year to the present rate of about 300 tons per day.

In conclusion I wish to express my appreciation for your guidance and co-operation so freely given, and to thank the staff and other employees for their loyal support.

Yours respectfully,

"J. BEATTIE,"

Manager.

April 27, 1939.



# Interim Balance Sheet as at 31st December, 1939

## ASSETS

Cash on hand and in banks .....	\$ 174,239.49	
Bullion on hand and in transit, including mint settlements outstanding .....	42,650.23	
Accounts receivable .....	14,863.12	\$ 231,752.84
Stores and Materials, book value .....		73,844.86
Buildings, plant and equipment .....	\$ 579,566.33	
LESS: Reserve for depreciation .....	162,047.71	417,518.62
Mining properties .....	\$ 950,503.34	
Development and maintenance charges .....	\$ 550,451.99	
LESS: Amount written off .....	117,980.50	
	432,471.49	1,382,974.83
Incorporation expense .....		1,000.00
Consideration for surrender of \$406,000.00 principal amount of 6% convertible debentures, payable as to both principal and interest in United States funds, for common shares .....		217,284.63
Prepaid expenses and sundry assets (including bonds, par value \$8,000.00, deposited as security under power contract) .....		13,417.28
		<u>\$2,337,793.06</u>

## LIABILITIES

Accounts payable and accrued charges .....	\$ 72,849.39	
Reserve for Ontario mining and corporation taxes .....	16,201.55	\$ 89,050.94
CAPITAL STOCK:		
AUTHORIZED:		
3,000,000 shares of \$1.00 par value each .....	<u>\$3,000,000.00</u>	
ISSUED:		
2,943,767 shares .....	\$2,943,767.00	
LESS: Discount on shares .....	957,206.25	
	\$1,986,560.75	
Profit and loss account, balance at credit .....	262,181.37	2,248,742.12

The above Balance Sheet (interim) and attached Profit and Loss Summary (interim) are based on information supplied by the mine office of the company and are subject to audit.

"W. S. WALTON,"

Secretary.

\$2,337,793.06

## PROFIT AND LOSS SUMMARY (Interim)

Balance, 1st April, 1939 .....	\$ 118,450.72
Profit for nine months ending 31st December, 1939, after deducting development, mining, milling, general and administration expenses, depreciation, interest charges and debenture discount and expense written off and Ontario Mining and Corporation Taxes .....	143,730.65
NOTE: This company is exempt from Dominion Income Tax under Section 89 of the Income War Tax Act.	
Balance, 31st December, 1939, as set out in Balance Sheet, attached .....	<u>\$ 262,181.37</u>



# Manager's Report on the Property Dated February 24th, 1940

## Location:

Delnite Mines, Limited own a group of eight claims with a total of about 300 acres situated in the northern half of Deloro Township about two miles south of the Hollinger, and about due west of the Aunor and Buffalo Ankerite.

## Ore Conditions:

The ore zone is a series of lava flows about 250 feet wide, bounded on the north and on the south by a zone of chloritized, and somewhat serpentinized schist. This ore zone strikes a little to the north of east, and on surface outcrops towards the southern end of the property. The dip of the zone is about 60 degrees to the north.

In the ore zone are found ore lenses of the quartz tourmaline type having a dip somewhat steeper than the ore zone, and a strike about due east and west. This type has produced the greater portion of ore so far developed. Other breaks which occur in more or less silicified and carbonated zones, strike about parallel to the ore zone, and so far account for a small tonnage of low to medium grade ore.

The main ore lenses so far developed occur over a length of about 800 feet, and to date show a fairly steep pitch downward to the west.

## Development Work Done to Date:

The mine is serviced with two shafts: No. 1, the original shaft, has two compartments, and is in the footwall of the ore zone, and bottoms at the 375 foot level. No. 2, the main shaft, has three compartments, and is collared in the hanging wall of the ore zone about 800 feet north of the No. 1 shaft. This shaft is 1,621 feet deep with 1,500 being the lowest level. Both shafts are connected on the 250 and 375 foot levels, and are opened up with levels at 125 foot intervals. Below the bottom level in No. 2 shaft, an ore pocket has been excavated, and the loading equipment installed.

The development work to date has been largely concentrated in the main ore lenses, between surface, down to and including the 1,000 foot level. Some work has been done in the extension to the west, and to the east on these breaks, and some work has been done on the carbonated zones.

## Development Work Planned:

The principal development work in the near future will be the opening up of the four new levels. One or more machines will also be kept on the older levels to continue development to the east and west along favourable breaks.

## Plant and Equipment:

The surface plant and equipment is capable of handling an estimated 400 tons of ore per day. The mill has recently been changed from straight cyanidation to flotation. The ore is floated following the primary grind, the flotation tails are discarded, and the flotation concentrates are cyanided. This present flow sheet should increase recovery by about 3%.

## General:

The mill is handling an average of about 310 tons of ore per day, and may not be increased materially until the ore pass system is completed, and the skips for hoisting ore are installed.

The mine is in quite favourable position as regards ore, and preliminary work done on the lower levels shows the conditions to be similar to that above.

Yours very truly,

"J. BEATTIE,"

Manager.

February 24, 1940.

## STATEMENT SHOWING NUMBER OF SHAREHOLDERS

54	Holders of 1 - 100 shares	4,129
166	Holders of 101 - 1,000 shares	83,456
27	Holders of 1,001 - 2,000 shares	46,300
4	Holders of 2,001 - 3,000 shares	11,500
10	Holders of 3,001 - 4,000 shares	37,427
7	Holders of 4,001 - 5,000 shares	32,947
27	Holders of 5,001 - up shares	2,763,008
295	Stockholders	Total Shares 2,978,767